

LIVINGSTON PARISH CLERK OF COURT

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

JUNE 30, 2014

LIVINGSTON, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court
Livingston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), the budgetary comparison statement of the General Fund, and each fiduciary fund of the Livingston Parish Clerk of Court "the Clerk" (a component unit of the Livingston Parish Council), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the Major Fund (General Fund) and each fiduciary fund of the Livingston Parish Clerk of Court as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Livingston Parish Clerk of Court's June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Livingston Parish Clerk of Court's internal control over financial reporting and compliance.

Respectfully submitted,

Harris J. Bougeois, CPA

Denham Springs, Louisiana
November 19, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIVINGSTON PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Management's Discussion and Analysis (MD&A) for the Livingston Parish Clerk of Court is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the Livingston Parish Clerk of Court's financial activities;
- identify changes in the Livingston Parish Clerk of Court's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
- identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the reader to the basic financial statements contained in the annual report and provides an overview of the Livingston Parish Clerk of Court's financial activities. The Clerk of Court's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately before the notes to the financial statements.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

A. Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the financial operations of the Livingston Parish Clerk of Court as a whole in a format similar to private sector companies. Under this format, all governmental and business-type activities are consolidated into columns which add to a total for the governmental entity. For the Clerk of Court, only governmental activities are included in the presentation. Accordingly, there is no "totals" column in the presentation.

- a. The Statement of Net Position presents information on all of the Clerk of Court's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the Clerk of Court is improving or weakening.
- b. The Statement of Activities presents information showing how the Clerk of Court's net position changed during the fiscal years presented. All changes in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (salaries, office expenditures, insurance, travel and auto allowances, other expenditures, intergovernmental transfers, and depreciation on capital assets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues. For the Clerk of Court, the only program (function) is "Judicial." Additionally, the Clerk does not receive any operating or capital grants or contributions. All revenues are generated from fees, charges and commissions for services.

B. Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The Livingston Parish Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Clerk of Court uses two categories of funds to account for financial transactions: governmental funds, and fiduciary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances available for spending at

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk of Court's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court's programs. The Livingston Parish Clerk of Court has only one governmental fund - the General Fund - which is used to account for the Clerk of Court's basic services.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Livingston Parish Clerk of Court adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided to demonstrate budgetary compliance.

The only type of *Fiduciary fund* maintained by the clerk is an "agency" fund. Agency funds are custodial in nature and represent assets held by the clerk as an agent for litigants pending court action. Under applicable standards of GASB 34, agency funds are not included in the government-wide financial statements. These activities are excluded from the Clerk of Court's other financial statements because the Clerk of Court cannot use these assets to finance its operations. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

C. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. When reviewing this Management's Discussion and Analysis, the reader should refer to and review the Notes to the Financial Statements as well as the Government-Wide and Fund Financial Statements.

Government-Wide Financial Analysis

Statement of Net Position

Presented below is a condensed Statement of Net Position for the Livingston Parish Clerk of Court. The condensed format allows the reader to view the overall financial position of the Clerk of Court. Explanation of the components of this statement, and the Condensed Statement of Activities, are included immediately following the tables.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

Condensed Statement of Net Position - Governmental Activities

	Total Governmental Activities	
	2014	2013
Cash and Other Current Assets	\$ 2,515,478	\$ 3,468,664
Capital Assets, Net	399,222	446,122
Total Assets	<u>2,914,700</u>	<u>3,914,786</u>
Other Liabilities	2,060,480	1,750,321
Total Liabilities	<u>2,060,480</u>	<u>1,750,321</u>
Net Position:		
Net Investment in		
Capital Assets	399,222	446,122
Unrestricted Net Position	<u>454,998</u>	<u>1,718,343</u>
Total Net Position	<u>854,220</u>	<u>2,164,465</u>
Total Liabilities and Net Position	\$ <u>2,914,700</u>	\$ <u>3,914,786</u>

Government-Wide Review of Condensed Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Livingston Parish Clerk of Court exceeded liabilities by \$854,220 compared to \$2,164,465 the previous fiscal year. Liabilities increased \$310,159 due to the Livingston Parish Clerk of Court implementing GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, whereby a liability of \$1,529,118 was recorded for fiscal year ended June 30, 2013, and increased to \$1,875,616 for fiscal year ended June 30, 2014, as discussed in the Notes to the financial statements. Approximately 47% of the Clerk of Court's net position reflects its net investment in capital assets (e.g., equipment). These assets are not available for future spending. The Clerk's net position decreased by slightly more than sixty percent between fiscal years 2014 and 2013.

Statement of Activities

A condensed Statement of Activities for the Livingston Parish Clerk of Court is presented on the following page. It lists the major categories of revenues and expenses for the fiscal years ended June 30, 2014 and 2013. The Clerk's total revenues decreased by slightly less than nine percent --- approximately \$376,000. The total cost of all programs and services increased approximately \$904,000 --- about 21 percent --- resulting in a decrease in net position of \$1,310,245 for the year.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

Condensed Statement of Activities - Governmental Activities

	<u>Total Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Program Revenues:		
Charges for Services and Licenses	\$ 3,965,671	\$ 4,340,008
Total Program Revenues	3,965,671	4,340,008
General Revenues:		
Interest Income	28,012	29,720
Total Revenues	3,993,683	4,369,728
Program Expenses:		
Salaries	2,247,001	2,061,280
Employee Benefits and Payroll Taxes	1,711,020	1,599,680
Office Expenditures and Insurance	447,339	453,967
Travel and Auto Allowances	14,278	28,177
Other Expenditures	212,502	205,952
Intergovernmental Transfer	624,888	-
Depreciation	46,900	50,556
Total Program Expenses	5,303,928	4,399,612
Change in Net Position	\$ <u>(1,310,245)</u>	\$ <u>(29,884)</u>

Government-Wide Review of Condensed Statement of Activities

The Condensed Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities. The condensed format allows for presentation of Program Revenues followed by a listing of General Revenues (Interest Income) to support the Livingston Parish Clerk of Court's overall governmental activities. Expenses are presented on a functional basis (Salaries, Office Expenditures and Insurance, Travel and Auto Allowances, and Other Expenditures), with depreciation on fixed assets listed separately since the assets serve essentially all functions.

There are two categories of revenues on the Statement of Activities - "Program Revenues" and "General Revenues." Program Revenues derive directly from the program itself or from parties outside the Clerk of Court's taxpayers or citizenry, as a whole; they reduce the net cost of the functions to be financed from the government's General Revenues. Program Revenues totaled \$3,965,671 and \$4,340,008 for the fiscal years ending June 30, 2014 and 2013 respectively, with the major components as listed in the following table:

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

Components of Program Revenue	Total Governmental Activities			
	2014		2013	
	Amount	Percent	Amount	Percent
Recordings, Cancellations, UCC Fees and Mortgage Certificates	\$ 1,469,191	37.05%	\$ 1,608,708	37.07%
Suits and Successions	1,729,909	43.62%	1,878,387	43.28%
Court Attendance and Fines and Forfeitures	238,881	6.03%	260,435	6.00%
Photocopies	445,879	11.24%	484,974	11.17%
Other Fees	1,092	0.03%	16,752	0.39%
Intergovernmental	54,879	1.38%	64,677	1.49%
Licenses	25,840	0.65%	26,075	0.60%
Total Program Revenues	\$ 3,965,671	100.00%	\$ 4,340,008	100.00%

“General Revenues” totaling \$28,012 and \$29,720 respectively, consisted of interest income earned on cash and investments.

Components of General Revenue	Total Governmental Activities			
	2014		2013	
	Amount	Percent	Amount	Percent
Interest Earned	\$ 28,012	100.00%	\$ 29,720	100.00%
Total General Revenues	\$ 28,012	100.00%	\$ 29,720	100.00%

Analysis of Fund Financial Statements

The Livingston Parish Clerk of Court maintains only one “governmental fund” - the General Fund (formerly reported as the Salary Fund). Its statements are presented as follows:

Description of Financial Statement	Page Numbers
Balance Sheet	16
Statement of Revenues, Expenditures, and Changes in Fund Balance	18

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

Governmental Funds

Under the modified-accrual basis for Fund Financial Statements, the emphasis is on accounting for current financial resources of the Livingston Parish Clerk of Court. The analysis in this section includes a discussion of components of the Fund Financial Statements, but concentrates on differences not discussed previously for the Government-Wide Financial Statements. At fiscal year-end, the General Fund reported an Unassigned Fund Balance of \$2,323,309 a decrease of \$917,955 from 2013's balance of \$3,241,264. Cash and Cash Equivalents and Receivables totaling \$2,508,173 in 2014 decreased by \$953,510 from 2013's balance of \$3,461,683. Capital Assets are presented only in the Government-Wide presentation. The Fund Financial Statements only account for current financial resources; therefore, current year capital expenditures are accounted for in the current year operating statement (Statement of Revenues, Expenditures, and Changes in Fund Balance). Current liabilities included in the Fund Financial Statements consist of Accounts Payable, Accrued Salaries and Wages, Payroll Taxes and Related Employee Benefits, and Due to Primary Government.

The fund reporting format presents in the Statement of Revenues, Expenditures, and Changes in Fund Balance all revenue types followed by the expenditures of the Livingston Parish Clerk of Court, also presented on a functional basis but in more detail than the Government-Wide Financial Statements. The major revenue and expenditure sources are similar to the government-wide presentation. The differences in total expenditures are in the reporting of capital expenditures, depreciation and cash expended for insurance. As previously noted, in the Fund Financial Statements capital expenditures are reported on the operating statement (Statement of Revenues, Expenditures, and Changes in Fund Balance); whereas the Government-Wide Financial Statements report capital assets on the Statement of Net Position with depreciation expense recorded on the Statement of Activities in a manner similar to a private business enterprise.

Required Supplementary Information

In addition to this Management's Discussion and Analysis and the basic financial statements, the annual report also presents certain required supplementary information. For the Livingston Parish Clerk of Court, the Required Supplementary Information is included for the General Fund in the basic financial statements as "Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget (GAAP Basis) and Actual – General Fund." The presentation under the GASB 34 standard requires disclosure of both the original and the final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

Analysis of Significant Budget Variations in the General Fund

The Livingston Parish Clerk of Court demonstrated legal compliance by amending its budget in accordance with provisions of the Local Government Budget Act. Actual revenues were less than budgeted revenues by slightly less than one percent; and actual expenditures were less than budgeted expenditures also by slightly less than one percent.

The significant variations from the original budgeted revenues and expenditures for the General Fund were as follows:

- ❖ Significant variations (greater than 10%) from original budgeted revenues occurred in the following revenue categories:

Revenue Category	Original Budget	Final Budget	Actual	Variance from Original Budget
Cancellations	\$ 180,000	\$ 144,500	\$ 148,039	(17.76%)
Mortgage Certificates	30,000	22,200	22,374	(25.42%)
Fines and Forfeitures	262,500	217,400	228,781	(12.85%)
Other Fees	7,000	15,840	1,092	(84.40%)
Intergovernmental	65,400	54,900	54,879	(16.09%)

- ❖ Significant variations (greater than 10%) from original budgeted expenditures occurred in the following expenditure categories:

Expenditure Category	Original Budget	Final Budget	Actual	Variance from Original Budget
Office Expenditures	\$ 555,388	\$ 410,830	\$ 405,213	27.04%
Auto/Travel	16,000	12,200	12,777	20.14%
Clerk's Allowance	13,000	1,500	1,501	88.45%
Other Expenditures	280,400	214,050	212,502	24.21%
Intergovernmental Transfer	-	624,888	624,888	(100.00%)
Capital Outlay	584,263	-	-	100.00%

- ❖ Actual revenues were less than the amended budget by \$38,857. Expenditures were less than the amended budget by \$46,630, resulting in a net favorable variance of \$7,773.

Budgets for other revenue and expenditure categories were amended in the normal course of operations.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

Capital Assets at Year-End

	Governmental Activities
Beginning Balance	\$ 1,774,306
Plus Additions	-
Less Deletions	(16,288)
Less Accumulated Depreciation	<u>(1,358,796)</u>
Ending Balance	<u>\$ 399,222</u>

For governmental activities, there were no major capital additions during the fiscal year; only PC computer workstations and related hardware were replaced as part of the normal replacement cycle.

- ❖ GASB Statement No. 34 requires adoption of a capitalization "threshold" policy. "Threshold" policy means that a policy must be adopted indicating the bottom limit at which a purchased asset must be capitalized (added to the capital asset listing) and depreciated in accordance with requirements of GASB Statement No. 34. The Livingston Parish Clerk of Court maintains a "threshold" of \$1,000 or more for capitalizing and depreciating assets. Moveable assets costing \$500 or more are "tagged" and monitored for stewardship purposes.

Long-Term Debt

The debt structure is simple for the Livingston Parish Clerk of Court since Clerks of Court are not allowed to incur long-term indebtedness for bonds or notes payable. At year-end, the Livingston Parish Clerk of Court had no long-term debt outstanding.

Economic Factors

Louisiana Clerks of Court are unique among local constitutional agencies. They derive their revenues almost exclusively from fees for their services; they do not receive appropriations of state and/or local taxes. Of itself, that does not distinguish them from all other agencies; however, it is the relationship between revenue sources and expenditures necessary to carry out their duties that sets them apart from other agencies.

The three main operational divisions of the Clerk can be characterized as:

- *Notarial* - the recordation and maintenance of all land transactions, mortgages, liens, UCC's and other instruments in the public record and the issuance of marriage licenses;
- *Civil* - the processing and maintaining of civil, probate and adoption cases including the preparation of court minutes and notices;

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2014

- *Criminal* - the processing and maintaining of criminal and traffic cases including the preparation of court minutes and notices.

The Notarial business of the Clerk is extremely sensitive to the general economic climate of the parish. Historically, it has produced approximately 55 percent of total operating revenues, most of which can be traced to real estate activity. The Civil business of the Clerk tends to increase as the population and commercial activity of the parish grows. Historically, it has produced approximately 40 percent of total operating revenues. The Criminal business of the Clerk is directly proportional to population growth and its attendant societal changes. It rarely accounts for 5 percent or more of total operating revenues.

A disproportionate level of expenditures of the Clerk is consumed in the staffing and support of the Criminal Division activities. Historically, approximately one-third of operating expenditures have been attributable to the Criminal Division even though it regularly contributes about 5% of total operating revenue. In FYE 2014, Notarial accounted for just under 50% of total revenues, Civil accounted for 44%, and Criminal accounted for approximately 6% of revenues.

In the coming Fiscal Year ending June 30, 2015, the Clerk of Court will continue to prepare for the move to the new Livingston Parish courthouse. Anticipated occupancy is December 2014. The Clerk of Court has agreed to pay for the completion of its interior office space over and above those costs covered by the courthouse bond proceeds. The estimated amount of those completion costs is approximately \$1.4 million, of which \$624,888 has been expended and reported under the caption Intergovernmental Transfer in the accompanying financial statements. Those costs, as well as additional capital outlay in connection with the re-location to the new courthouse will be funded through the use of the Clerk of Court's unrestricted Fund Balance.

Requests for Information

This financial report is designed to provide a general overview of the Livingston Parish Clerk of Court's finances and to demonstrate the Clerk of Court's accountability. If you have questions regarding this report or need additional information, contact Thomas L. Sullivan, Jr., Clerk of Court, Livingston Parish Clerk of Court, First Floor Courthouse Building, P.O. Box 1150, Livingston, LA 70454; phone number (225) 686-2216.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF NET POSITION

JUNE 30, 2014

(With Comparative Totals as of June 30, 2013)

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,373,104	\$ 3,352,685
Receivables, Net	135,069	108,998
Prepaid Insurance	7,305	6,981
Capital Assets (Net of Accumulated Depreciation)	399,222	446,122
Total Assets	<u>\$ 2,914,700</u>	<u>\$ 3,914,786</u>
LIABILITIES		
Accounts Payable	\$ 21,727	\$ 21,244
Payroll Taxes and Related		
Benefits Payable	90,788	120,859
Accrued Salary and Wages	49,989	38,261
Due to Primary Government	22,360	40,055
Unfunded Other Post Employment Benefits	1,875,616	1,529,902
Total Liabilities	<u>2,060,480</u>	<u>1,750,321</u>
NET POSITION		
Net Investment in Capital Assets	399,222	446,122
Unrestricted	454,998	1,718,343
Total Net Position	<u>854,220</u>	<u>2,164,465</u>
Total Liabilities and Net Position	<u>\$ 2,914,700</u>	<u>\$ 3,914,786</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
<u>Governmental Activities:</u>		
Expenses:		
Judicial:		
Salaries and Wages	\$ 2,247,001	\$ 2,061,280
Employee Benefits and Payroll Taxes	1,711,020	1,599,680
Office Expenses	405,213	411,104
Insurance	42,126	42,863
Auto/Travel	12,777	15,381
Clerk's Allowance	1,501	12,796
Other Expenses	212,502	205,952
Intergovernmental Transfer	624,888	-
Depreciation	46,900	50,556
Total Expenses	5,303,928	4,399,612
Program Revenues:		
Fees, Charges and Commissions for Services:		
Recordings	1,187,562	1,284,115
Uniform Commercial Code Fees	111,216	110,678
Cancellations	148,039	183,955
Mortgage Certificates	22,374	29,960
Court Attendance	10,100	10,980
Photocopies	445,879	484,974
Fines and Forfeitures	228,781	249,455
Suits and Successions	1,729,909	1,878,387
Other Fees	1,092	16,752
Intergovernmental	54,879	64,677
Licenses	25,840	26,075
Net Program Revenues (Expenses)	(1,338,257)	(59,604)
General Revenues:		
Interest Revenue	28,012	29,720
Total General Revenues	28,012	29,720
Change in Net Position	(1,310,245)	(29,884)
Net Position - Beginning of Year	2,164,465	2,194,349
Net Position - End of Year	<u>\$ 854,220</u>	<u>\$ 2,164,465</u>

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

LIVINGSTON PARISH CLERK OF COURT

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2014

(With Comparative Totals as of June 30, 2013)

	General Fund	
	2014	2013
ASSETS		
Cash and Cash Equivalents	\$ 2,373,104	\$ 3,352,685
Receivables	106,499	91,008
Due from Other Funds	1,493	1,468
Due from Other Governments	27,077	16,522
Total Assets	<u>\$ 2,508,173</u>	<u>\$ 3,461,683</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 21,727	\$ 21,244
Accrued Salary and Wages	49,989	38,261
Payroll Taxes and Related		
Benefits Payable	90,788	120,859
Due to Primary Government	22,360	40,055
Total Liabilities	<u>184,864</u>	<u>220,419</u>
Fund Balances:		
Unassigned	<u>2,323,309</u>	<u>3,241,264</u>
Total Fund Balances	<u>2,323,309</u>	<u>3,241,264</u>
Total Liabilities and Fund Balances	<u>\$ 2,508,173</u>	<u>\$ 3,461,683</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

JUNE 30, 2014

(With Comparative Totals as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
Fund Balances - Total Governmental Fund	\$ 2,323,309	\$ 3,241,264
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds		
Cost of Capital Assets	1,758,018	1,774,306
Less: Accumulated Depreciation	<u>(1,358,796)</u>	<u>(1,328,184)</u>
	399,222	446,122
Assets Used in Governmental Activities that are not Financial Resources and, Therefore, are not Reported in the Governmental Funds		
Prepaid Insurance	7,305	6,981
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds		
Accumulated Unfunded Other Postemployment Benefits Payable	<u>(1,875,616)</u>	<u>(1,529,902)</u>
Net Position of Governmental Activities	<u>\$ 854,220</u>	<u>\$ 2,164,465</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	<u>General Fund</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Fees, Charges and Commissions for Services:		
Recordings	\$ 1,187,562	\$ 1,284,115
Uniform Commercial Code Fees	111,216	110,678
Cancellations	148,039	183,955
Mortgage Certificates	22,374	29,960
Court Attendance	10,100	10,980
Photocopies	445,879	484,974
Fines and Forfeitures	228,781	249,455
Suits and Successions	1,729,909	1,878,387
Other Fees	1,092	16,752
Intergovernmental	54,879	64,677
Licenses	25,840	26,075
Interest Revenue	28,012	29,720
Total Revenues	<u>3,993,683</u>	<u>4,369,728</u>
Expenditures:		
Judicial:		
Salaries and Wages	2,247,001	2,061,280
Employee Benefits and Payroll Taxes	1,365,306	1,351,896
Office Expenditures	405,213	411,104
Insurance	42,450	43,176
Auto/Travel	12,777	15,381
Clerk's Allowance	1,501	12,796
Other Expenditures	212,502	205,952
Intergovernmental Transfer	624,888	-
	<u>4,911,638</u>	<u>4,101,585</u>
Capital Outlay	-	1,100
Total Expenditures	<u>4,911,638</u>	<u>4,102,685</u>
Excess (Deficiency) of Revenues Over Expenditures	(917,955)	267,043
Fund Balance - Beginning of Year	<u>3,241,264</u>	<u>2,974,221</u>
Fund Balance - End of Year	<u><u>\$ 2,323,309</u></u>	<u><u>\$ 3,241,264</u></u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES**

JUNE 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Net Change in Fund Balance - Total Governmental Fund	\$ (917,955)	\$ 267,043
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental Funds Report Capital Outlays as Expenditures. In the Statement of Activities, the Costs of those Assets is Allocated over their Estimated Useful Lives as Depreciation Expense. This is the Amount by Which Capital Outlays Exceeded Depreciation Expense in the Current Period:		
Capital Outlay	-	1,100
Depreciation Expense	<u>(46,900)</u>	<u>(50,556)</u>
	(46,900)	(49,456)
Add: Accumulated Depreciation on Assets Retired During the Year	16,288	3,470
Less: Cost Basis of Assets Retired During the Year	(16,288)	(3,470)
Some Expenditures Reported in the Governmental Funds do not Require the use of Current Financial Resources and are not Reported as Expenses in the Statement of Activities.		
Change in Prepaid Insurance	324	313
Long-Term Debt:		
Net Change in Other Postemployment Benefits Obligation	<u>(345,714)</u>	<u>(247,784)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,310,245)</u>	<u>\$ (29,884)</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Fees, Charges and Commissions for Services:				
Recordings	\$ 1,260,000	\$ 1,176,400	\$ 1,187,562	\$ 11,162
Uniform Commercial Code Fees	113,000	108,000	111,216	3,216
Cancellations	180,000	144,500	148,039	3,539
Mortgage Certificates	30,000	22,200	22,374	174
Court Attendance	11,000	11,000	10,100	(900)
Photocopies	478,500	426,200	445,879	19,679
Fines and Forfeitures	262,500	217,400	228,781	11,381
Suits and Successions	1,806,000	1,802,000	1,729,909	(72,091)
Other Fees	7,000	15,840	1,092	(14,748)
Intergovernmental	65,400	54,900	54,879	(21)
Licenses	25,500	25,500	25,840	340
Interest Revenue	26,000	28,600	28,012	(588)
Total Revenues	4,264,900	4,032,540	3,993,683	(38,857)
Expenditures:				
Judicial:				
Salaries and Wages	2,057,000	2,235,800	2,247,001	(11,201)
Employee Benefits and Payroll Taxes	1,307,500	1,411,700	1,365,306	46,394
Office Expenditures	555,388	410,830	405,213	5,617
Insurance	43,600	47,300	42,450	4,850
Auto/Travel	16,000	12,200	12,777	(577)
Clerk's Allowance	13,000	1,500	1,501	(1)
Other Expenditures	280,400	214,050	212,502	1,548
Intergovernmental Transfer	-	624,888	624,888	-
	4,272,888	4,958,268	4,911,638	46,630
Capital Outlay	584,263	-	-	-
Total Expenditures	4,857,151	4,958,268	4,911,638	46,630
Excess (Deficiency) of Revenues Over Expenditures	(592,251)	(925,728)	(917,955)	7,773
Fund Balance - Beginning of Year	3,241,264	3,241,264	3,241,264	-
Fund Balance - End of Year	\$ 2,649,013	\$ 2,315,536	\$ 2,323,309	\$ 7,773

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2014

(With Comparative Totals as of June 30, 2013)

	<u>Agency Funds</u>		<u>Total Agency Funds</u>	
	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>2014</u>	<u>2013</u>
ASSETS				
Cash	\$ 3,564,224	\$ 846,296	\$ 4,410,520	\$ 4,176,765
Accounts Receivable	1,634	-	1,634	1,815
Total Assets	<u>\$ 3,565,858</u>	<u>\$ 846,296</u>	<u>\$ 4,412,154</u>	<u>\$ 4,178,580</u>
LIABILITIES				
Due to General Fund	\$ 1,387	\$ 106	\$ 1,493	\$ 1,468
Due to Taxing Bodies and Others	<u>3,564,471</u>	<u>846,190</u>	<u>4,410,661</u>	<u>4,177,112</u>
Total Liabilities	<u>3,565,858</u>	<u>846,296</u>	<u>4,412,154</u>	<u>4,178,580</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF CHANGES IN FIDUCIARY UNSETTLED DEPOSITS FIDUCIARY FUNDS

JUNE 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	Agency Funds		Total Agency Funds	
	Advance Deposit Fund	Registry of Court Fund	2014	2013
Unsettled Deposits, Beginning of Year	\$ 3,346,729	\$ 830,383	\$ 4,177,112	\$ 3,749,984
Additions:				
Suits and Successions	3,513,331	-	3,513,331	3,791,286
Judgments	-	294,066	294,066	313,668
Interest Earned	-	3,829	3,829	3,829
Total Additions	3,513,331	297,895	3,811,226	4,108,783
Reductions:				
Clerk's Costs (Transferred to General Fund)	1,729,909	-	1,729,909	1,878,387
Settlements to Litigants	302,958	282,050	585,008	491,637
Sheriff's Fees	164,905	-	164,905	156,797
Parish Council Courthouse Fees	787,176	-	787,176	831,131
Other Reductions	310,641	38	310,679	323,703
Total Reductions	3,295,589	282,088	3,577,677	3,681,655
Unsettled Deposits, End of Year	<u>\$ 3,564,471</u>	<u>\$ 846,190</u>	<u>\$ 4,410,661</u>	<u>\$ 4,177,112</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies -

A. Organization and Nature of Operations

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public; the recorder of conveyances, mortgages, and other acts; and has other duties and powers provided by law. The Clerk of Court is elected for a four-year term.

B. Reporting Entity

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the Livingston Parish Council. The council maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture for the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the council, the Clerk of Court was determined to be a component unit of the Livingston Parish Council, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Basis of Statement Presentation

The accompanying component unit financial statements of the Livingston Parish Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

D. Fund Accounting

The Clerk of Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental fund (General Fund) and fiduciary (Agency Funds).

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court and accounts for the operations of the Clerk's office. The various fees and charges due to the Clerk's office are accounted for in this fund. General operating expenditures are paid from this fund.

Agency Funds

The Advance Deposit and Registry of Court Funds account for assets held as an agent for others. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

E. Measurement Focus/Basis of Accounting

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Livingston Parish Clerk of Court.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

The Clerk of Court does not allocate indirect expenses.

Basic Financial Statements - Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from recordings, copies, and other services are recognized when they become measurable and available as net current assets (i.e. when the service is performed). Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

F. Budgetary Policy and Accounting

The proposed budget for the 2014 fiscal year was made available for public inspection at the Clerk's office on June 26, 2013. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal prior to the public hearing. The budget hearing was held at the Clerk's office on June 26, 2013. The budget is legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end. The final amended budget was approved June 30, 2014.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

G. Encumbrances

The Clerk of Court does not use an encumbrance accounting system.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Clerk of Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

I. Prepaid Items

Payments made to vendors for general insurance that will benefit periods beyond June 30th are recorded as prepaid expenditures. These amounts are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets. At June 30, 2014, the Clerk of Court has no prepaid items reported on the fund financial statements.

J. Capital Assets and Depreciation

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalization purposes.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Assets</u>	<u>Estimated Lives</u>
Office Equipment	5 Years
Furniture and Fixtures	5 to 7 Years
Automobiles	5 Years
Leasehold Improvements	30 Years

K. Compensated Absences

Employees receive 176 hours of personal time per year after one year of employment which must be used prior to the end of each calendar year. Any unused personal time is not paid to the employee upon termination. Although not legally obligated to do so, the Clerk may pay the unused personal time in December depending on available funds. In accordance with GASB 16, Accounting for Compensated Absences, no liability for accrued unused employee leave is included in these financial statements.

L. Interfund Activities

The Clerk of Court transfers interest earned on deposits of the Advance Deposit Fund to the General Fund to be utilized by the General Fund in its operations. In those cases where the physical transfer of assets has not taken place as of year end, or where repayment is expected, these amounts are accounted for through the various due to and due from accounts.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

M. Clerk's Fees Transferred from Advance Deposit Agency Fund

These fees represents revenue to the Clerk of Court earned from everyday operations such as copying and faxing for litigants and standard fees charged on suits. These fees are collected by a transfer of litigant's money deposited in the Advance Deposit Fund to the General Fund.

N. Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the Clerk of Court. These amounts cannot be used for any other purpose unless the Clerk of Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the Clerk of Court but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications. The Clerk has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (page 16). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Court or the Assignment has been changed by the Court. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

R.S. 13:785 requires that every four years (at the close of the term of office) the clerk of court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office, limited to the amount of funding received from the parish treasurer. The amount owed to the parish treasurer under R.S. 13:785 is limited to the funds provided by the parish treasurer under provisions of R.S. 13:784 to help defray the costs of capital assets and record books during the clerk of court's four year term. Since the Clerk's current term will not expire until June 30, 2016, no liability is due to the parish under the provisions of R.S. 13:784.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

P. Summary Financial Information for 2013

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the clerk's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Note 2 - Cash and Cash Equivalents -

At June 30, 2014, the carrying amount of the Clerk of Court's Cash and Cash Equivalents totaled \$6,783,624, and the confirmed bank balances totaled \$7,159,211. Cash and Cash Equivalents are stated at cost, which approximates market.

	<u>Governmental Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$ 2,373,104	\$ 4,410,520	\$ 6,783,624
Bank Balances	\$ 2,628,662	\$ 4,530,549	\$ 7,159,211

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the Clerk regardless of its designation by the financial institution in which it is deposited. As of June 30, 2014, none of the Clerk's bank balance of \$7,159,211 was exposed to custodial credit risk.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

Note 3 - Investments -

At June 30, 2014, all investments held by the Clerk of Court are classified as cash equivalents.

Note 4 - Receivables -

The receivables at June 30, 2014 are as follows:

	<u>General Fund</u>
Accounts	\$ 106,499
Intergovernmental	27,077
Due from Fiduciary Funds	<u>1,493</u>
	<u>\$ 135,069</u>

Note 5 - Changes in General Fixed Assets -

A summary of changes in general fixed assets follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
<u>Governmental Activities:</u>				
Capital Assets being Depreciated:				
Building Additions	\$ 674,675	\$ -	\$ -	\$ 674,675
Vehicles	70,896	-	-	70,896
Equipment	<u>1,028,735</u>	<u>-</u>	<u>(16,288)</u>	<u>1,012,447</u>
Total Capital Assets being Depreciated	1,774,306	-	(16,288)	1,758,018
Less: Accumulated Depreciation for:				
Buildings	296,749	22,360	-	319,109
Vehicles	43,147	7,400	-	50,547
Equipment	<u>988,288</u>	<u>17,140</u>	<u>(16,288)</u>	<u>989,140</u>
Total Accumulated Depreciation	<u>1,328,184</u>	<u>46,900</u>	<u>(16,288)</u>	<u>1,358,796</u>
Total Capital Assets being Depreciated, Net	<u>446,122</u>	<u>(46,900)</u>	<u>-</u>	<u>399,222</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 446,122</u>	<u>\$ (46,900)</u>	<u>\$ -</u>	<u>\$ 399,222</u>

Depreciation expense of \$46,900 was charged to the Judicial Operations function in the Statement of Activities.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

Note 6 - Changes in General Long-Term Debt -

The Clerk has no general long-term obligations at June 30, 2014.

Note 7 - Retirement Plans -

Plan Description: Substantially all employees of the Livingston Parish Clerk of Court are members of the Louisiana Clerk of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Effective January 1, 2011 the retirement age increased to 65 and the amount paid monthly for life will be equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. Effective January 1, 2011 the age for this benefit increased to 65 years of age. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Funding Policy: Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Livingston Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 18.50 percent of annual covered payroll.

In addition, the Louisiana Legislature passed R.S. 11:1562(C) which allows the Clerk of Court to pay out of the Clerk's operating funds all or any portion of the employee required contributions which would otherwise be deducted from the employee's salary. Since December 1999, the Clerk has elected to pay 100% of all retirement system contributions to the Louisiana Clerk of Court Retirement and Relief Fund.

Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collected by the tax rolls of each parish. The contributions requirements of plan members and the Livingston Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Livingston Parish Clerk of Court

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

contributions to the System for the years ended June 30, 2014, 2013, and 2012, were \$500,866 (normal employer portion \$361,508 and employee portion \$139,358), \$441,723 (normal employer portion \$312,868 and employees portion \$128,855), and \$443,720, respectively, equal to the required contribution for each year.

Note 8 - Other Postemployment Benefits -

Plan Description. The Clerk administers a single-employer defined benefit postemployment health care plan ("the Retiree Health Plan"). The plan provides medical, dental and life insurance benefits to eligible retired employees and their beneficiaries through the Clerk's group health insurance plan, which covers both active and retired members. Benefit provisions are established through Blue Cross Blue Shield of Louisiana (health and dental insurance), and Standard Life and American United Life (life insurance). The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. The contribution requirements of plan members and the Clerk are established and may be amended by the Clerk. The Clerk pays the full cost of the benefits for retired plan members' spouses and dependent children. For fiscal year 2014, the Clerk contributed \$49,090 to the plan for these retirees.

Annual OPEB Cost and Net OPEB Obligation. For 2014, the Clerk's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Clerk's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 422,082
Interest on Net OPEB Obligation	61,196
Adjustment to Annual Required Contribution	<u>(88,474)</u>
OPEB Cost	394,804
Contributions to Irrevocable Trust	-
Current Year Retiree Premium	<u>(49,090)</u>
Increase in Net OPEB Obligation	345,714
Net OPEB Obligation - Beginning of Year	<u>1,529,902</u>
Net OPEB Obligation - End of Year	<u>\$1,875,616</u>

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

The Clerk's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last five fiscal years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$446,947	10.4%	\$ 400,320
6/30/2011	\$462,960	6.1%	\$ 835,183
6/30/2012	\$480,354	6.9%	\$1,282,118
6/30/2013	\$404,998	11.2%	\$1,529,902
6/30/2014	\$394,804	12.4%	\$1,875,616

Funded Status and Funding Progress. As of June 30, 2014, the actuarial accrued liability for benefits was \$4,545,286, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,236,774, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 203.21%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information below, presents the first year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the entry age actuarial cost method was used. Based on the Clerk's short-term investment portfolio, a discount rate of 3.5% was used, which was decreased from 4.0% in the 2009 actuarial valuation, due to the continued low interest rate environment. In addition, the actuarial assumptions included an annual medical healthcare cost trend rate of 0% in the first year, 8.5% in the second year, reduced by decrements to an ultimate rate of 5.0% after 8 years. The annual dental cost trend rate is 3.0% in the first year, 4.75% in the second year, reduced by decrements to an ultimate rate of 3.5% after 6 years. The Clerk's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
7/1/2009	\$ -	\$4,136,881	\$4,136,881	0.0%	\$1,663,434	248.7%
7/1/2012	\$ -	\$4,202,372	\$4,202,372	0.0%	\$1,699,416	247.3%

Note 9 - Compensated Absences -

On July 1, 2010, the Clerk of Court amended the compensated absence policy. Employees are no longer paid for accumulated leave upon termination.

Note 10 - Leases -

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2014, the Clerk of Court had no capital leases in effect.

The Clerk of Court has entered into various operating leases for machinery, office space and warehouse on various dates. The lease terms range from one year to sixty months. These leases require a total monthly payment of \$5,589. Total rent expense under these leases for the year ended June 30, 2014 is \$68,284.

Future minimum lease payments under these leases by year and in the aggregate are as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2015	\$ 65,933
2016	26,464
2017	9,761
2018	<u>2,361</u>
Total Minimum Lease Payments	<u>\$ 104,519</u>

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

Note 11 - Changes in Fiduciary Fund Balances -

A summary of changes in agency fund unsettled deposits follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Advance Deposit Fund	\$ 3,346,729	\$ 3,513,331	\$ 3,295,589	\$ 3,564,471
Registry of Court Fund	<u>830,383</u>	<u>297,895</u>	<u>282,088</u>	<u>846,190</u>
	<u>\$ 4,177,112</u>	<u>\$ 3,811,226</u>	<u>\$ 3,577,677</u>	<u>\$ 4,410,661</u>

Note 12 - Litigation and Claims -

At June 30, 2014, the Clerk of Court is involved in general lawsuits, it is the opinion of the legal advisor for the Clerk of Court that the ultimate resolution of these lawsuits will not involve any material liability to the Clerk of Court in excess of insurance coverage.

Note 13 - Current Accounting Pronouncements -

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees - both active employees and inactive employees - are provided with pensions. One aspect of that objective is to provide information about the effects of pension related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the Livingston Parish Clerk of Court for fiscal year ending June 30, 2015.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2015 and has not determined the impact on the financial statements of implementing GASB 68.

Note 14 - Cooperative Endeavor Agreements -

On May 1, 2014, the Livingston Parish Clerk of Court entered into a cooperative endeavor agreement with the Livingston Parish Council and four other local governments for the purpose of providing additional funding for the construction of the Livingston Parish Courthouse. Under the terms of this agreement, the Clerk agreed to pay 33.4% of the estimated construction shortfall of \$2,200,000 on the construction of new Courthouse plus any other construction change orders, after the Livingston Parish Council's contribution of \$300,000 for the construction of an access road. As of June 30, 2014, the amount transferred to the Livingston Parish Council totaled \$624,888 and is recorded as a intergovernmental transfer in these financial statements. The construction shortfall resulted from the difference in the sale by the Livingston Parish Council of the Revenue Bond Series 2011 for \$17,865,000 and the Courthouse estimated construction costs plus architectural design fees and other estimated costs totaling \$20,065,000.

The other four local governments in the agreement and their respective percentage contributions are the Livingston Parish Sheriff at 35.0%, the District Attorney of the Twenty-First Judicial District Court at 17.0%, and the Twenty-First Judicial District Court at 14.6%. Any additional cost due to change orders on the construction of the Courthouse during 2015 will be allocated to each entity based on these percentages. In addition, each entity has agreed to pay for its furniture and equipment that each requires to begin operations in the Courthouse.

On September 1, 2011, the Livingston Parish Clerk of Court entered into a cooperative endeavor agreement with the Livingston Parish Council and the Twenty-First Judicial District Court for the purpose of providing for the funding pursuant to Act No. 20 of the 2011 Regular Session of the Louisiana Legislature (the "Courthouse Financing Act"). According to the Courthouse Financing Act, the Livingston Parish Clerk of Court will begin collecting an additional \$20 recordation fee per document, an additional \$100 filing fee on each civil suit, and an additional \$10 charge for each additional pleading on a civil matter. These additional fees collected by the Clerk are paid into the Livingston Parish Courthouse Fund maintained by the Livingston Parish Council for the purpose of repaying the Livingston Parish Council Revenue Bond Series 2011 which were issued by the Livingston Parish Council to finance the construction of the new Livingston Parish Courthouse. The Clerk transferred \$787,176 to the Livingston Parish Council of the additional filing fee and the additional pleading fee from the Advanced Deposit Fund during fiscal year ended June 30, 2014. In addition, the Clerk transferred \$465,528 to the Livingston Parish Council of the \$20 additional recordation fee collected in fiscal year ended June 30, 2014 from the Clerk's General Fund with an additional \$22,360 recorded as Due to Primary Government at June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court
Livingston, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund (General Fund), the budgetary comparison statement of the General Fund, and each fiduciary fund of the Livingston Parish Clerk of Court "the Clerk" (a component unit of the Livingston Parish Council), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements, and have issued our report thereon dated November 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of Clerk's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannu T. Bougeois, CPA

Denham Springs, Louisiana
November 19, 2014

LIVINGSTON PARISH CLERK OF COURT

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2014

CURRENT YEAR FINDINGS:

Internal Control Finding

None

Compliance Finding

None

LIVINGSTON PARISH CLERK OF COURT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

PRIOR YEAR FINDINGS:

None